

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2024 REGULAR SESSION**

MEASURE

2024 BR NUMBER 1337

HOUSE BILL NUMBER 150

TITLE AN ACT relating to ad valorem taxes.

SPONSOR Representative Patrick Flannery

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: _____

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2023-2024	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$111,800,000)	(\$230,700,000)	(\$230,700,000)
EXPENDITURES				
NET EFFECT		(\$111,800,000)	(\$230,700,000)	(\$230,700,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 150 proposes to create a new exemption from state and local property taxes for the following classes of personal property:

- Motor vehicles registered under KRS Chapter 186;
- Recreational vehicles registered under KRS Chapter 186.675; and
- Trailers and semitrailers defined in KRS 186.650 and registered under KRS 186.675.

HB 150 makes conforming changes to several statutes in order to maintain the current requirements for the registration and taxation of motorboats.

FISCAL EXPLANATION: The CFG estimates the Motor Vehicle Property Tax (MOTAX) for the 2024-2025 fiscal year to be \$223.6 M and \$230.7 M for fiscal year 2025-2026. While these estimates include property taxes collected from motorboats, which are not exempted by HB 150, it is a small percentage of the taxes collected.

If enacted, this bill will go into effect on January 1, 2025. Thus, approximately half of the CFG estimate for fiscal year 2024-2025 would be exempt.

MOTAX is an annual tax. Therefore, the fiscal impact will occur each year.

DATA SOURCE(S): LRC Staff; Kentucky Office of State Budget Director 2024-26 Official CFG Revenue Estimates Report

PREPARER: Cynthia Brown **NOTE NUMBER:** 27 **REVIEW:** JH **DATE:** 1/23/2024